1982 Annual Report

stc lines

Letter of Transmittal

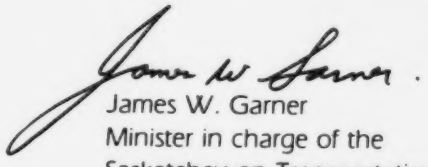
February 25, 1983

To His Honour,
The Honourable C. Irwin McIntosh
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honour to submit the Annual Report of the Saskatchewan Transportation Company year ended October 31, 1982 including the financial statements in the form required by the Treasury Board and duly certified in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Sir,
your obedient servant



James W. Garner
Minister in charge of the
Saskatchewan Transportation Company

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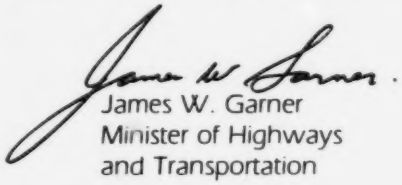
Chairman's Message

As Chairman of the Saskatchewan Transportation Company Board of Directors, I would like to begin by commending the new Board members for their diligent efforts to date.

The past year has seen STC make a number of policy decisions towards increased service to isolated communities. Specialized services were continued to certain interest groups. These decisions have, in part, contributed to the financial condition in which STC presently finds itself. Combining this factor with the dramatic downturn in the world economy, from which Saskatchewan has not been isolated, the Company has suffered a substantial loss.

Even before year end, senior management began the task of reviewing past policy decisions with a view to bringing back into balance the service/financial stability relationship. 1983 will present a number of operational and policy challenges to the company. The Board fully believes in management's ability to meet these challenges successfully.

Finally, I take this opportunity to thank the drivers, maintenance personnel, administrative and managerial staff of STC for their hard work in the past year. I know 1983 will provide a challenge to all involved.



James W. Garner
Minister of Highways
and Transportation

General Manager's Message

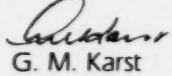
1982 was the 36th year of operation for STC in providing Saskatchewan residents with a comprehensive network of motor coach schedules. More than four hundred communities were linked with an efficient system offering passenger, charter, tour and parcel express services.

The high level of transportation services provided to our customers in the operation of five million, eight-hundred thousand miles and the safe carriage of more than eight hundred and forty thousand passengers was directly attributable to the dedicated team of employees and commission agencies throughout the system.

1982 was not a good year for the Company. The anticipated acceptance of a new concept and expansion of regular routes did not meet expectations in 1982. Correcting this downward trend in the new year will require major re-planning and positive action. The confidence of Saskatchewan residents in STC's ability to efficiently provide their future transportation needs must be maintained.

Saskatchewan Transportation's people are prepared to meet this challenge.

Respectfully submitted,



G. M. Karst
Acting General Manager

Board of Directors

As at October 31, 1982

The Honourable J. W. Garner — Chairman
The Honourable P. A. Smith — Vice Chairman
I. Goldenburg, Q.C. — Lawyer, Saskatoon
W. G. Rudichuk — Accountant, Regina
I. D. Disbury, B.A., LL.B. — Acting Board Secretary

Management

As at October 31, 1982

Mr. G. M. Karst — Acting General Manager
— Operations Director

Mr. G. G. Beattie — Assistant General Manager
— Acting Marketing Director

Mr. T. A. Fischer — Finance Director
— Acting Administration Director

Mr. F. N. Trimble — Maintenance Director

Mr. G. R. Biletski — Prince Albert District Manager

Mr. E. M. Scherle — Regina District Manager

Mr. B. Warkinten — Acting Saskatoon District Manager

Introduction

For thirty-six years, "Going Your Way" has been STC's travel invitation. Throughout 1982 STC continued to proudly serve the communities and people of Saskatchewan.

Operations

Schedule and Charter Services

During 1982 weather had a major favourable influence on our level of patronage with more than 843,000 passengers (793,000 in 1981) travelling by STC to their final destination. As a result of the patronage increase and the increase in the avarage distance each passenger travelled, passenger miles increased by 7.5 million or 9.7% to 84.4 million from 76.9 million in 1981.

Lean economic conditions were a significant factor contributing toward a decline in the number of charters handled by STC. Charter passengers declined by 12 thousand or 21.3% to 46,000 from 58,000 the previous year. It is estimated that the Company experienced a decline of approximately 7% in the number of parcel express shipments handled.

Motor Coach Fleet

The Company's fleet of 78 modern motor coaches travelled 5.8 million miles, an increase of more than 350 thousand miles over that of the previous year. New Schedule services account for in excess of 600 thousand of these miles which is partially offset by a decline of 250 thousand miles travelled for Charters and Tours.

Financial

Since August of 1981 the Corporation maintained a constant passenger and express tariff structure. A poor economic climate combined with the constant inflationary pressures on labour and materials produced a net loss in 1982.

In Memoriam

All of the Company's employees were saddened by the untimely deaths of two of their friends and associates.

John Liddle, Records Clerk, Regina Garage, September 13, 1982

Douglas Foster, Driver, Saskatoon, October 10, 1982

In Appreciation

Sincere gratitude is extended to the following retiring employees for their years of service to STC:

Dave Craddock, District Manager, 32 years, Saskatoon, April 1, 1982
Howard Erlandson, Driver, 36 years, Regina, October 10, 1982
Darrel Henderson, Driver, 36 years, Prince Albert, February 8, 1982
Fred Lengert, Driver, 35 years, Saskatoon, October 1, 1982
Gerry Richardson, Development Director, 36 years, Regina, January 15, 1982
Walter Seckinger, Driver, 36 years, Saskatoon, April 30, 1982
Charlie Tuck, Driver, 35 years, Prince Albert, April 1, 1982

Congratulations are extended to the following employees and agents upon their 25th year of service to STC:

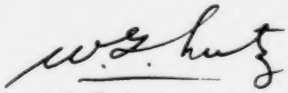
Floyd George Allan, Driver, Regina, May 25, 1957
Robert (Bob) Markiewicz, Driver, Prince Albert, July 4, 1957
Albert (Bert) Warkentin, Acting District Manager, Saskatoon, August 22, 1957
Michael Dutchak, Agent, Blaine Lake

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Transportation Company as at October 31, 1982 and the statements of operations, retained earnings (deficit) and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at October 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Regina, Saskatchewan
December 10, 1982.

Statement of Financial Position

As at October 31

	1982	1981
	(Thousands of Dollars)	
ASSETS		
Current Assets		
Short-term deposits	$ 9	$ 1,399
Accounts receivable (Note 6)	1,188	1,252
Prepaid expenses and supplies	625	482
	1,822	3,133
Land, Buildings and Equipment (Note 3)	12,102	9,085
Unamortized Deferred Charges (Note 4)	—	22
	$13,924	$12,240
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Bank indebtedness	$ 1,215	$ 635
Accounts payable and accrued liabilities	2,220	3,314
	3,435	3,949
Province of Saskatchewan's Equity		
Advances (Note 5)	11,635	7,355
Retained earnings (deficit)	(1,146)	936
	10,489	8,291
	$13,924	$12,240

(See accompanying notes)

Statement of Operations

Year Ended October 31

	1982	1981
	(Thousands of Dollars)	
REVENUES		
Transportation services	$13,587	$12,497
Other revenues (Note 6)	254	538
Gain (Loss) on sale of land, buildings and equipment	(24)	45
	13,817	13,080
EXPENSES		
Operating	12,541	10,401
Administration	2,433	2,288
Depreciation and amortization	881	653
Interest	44	30
	15,899	13,372
NET LOSS	$ (2,082)	$ (292)

(See accompanying notes)

Statement of Retained Earnings (Deficit)

Year Ended October 31

	1982	1981
	(Thousands of Dollars)	
Retained earnings — beginning of year	$ 936	$ 1,228
Add: Net loss	(2,082)	(292)
RETAINED EARNINGS (DEFICIT) — end of year	$ (1,146)	$ 936

(See accompanying notes)

Statement of Changes in Financial Position

Year Ended October 31

	1982	1981
	(Thousands of Dollars)	
SOURCE OF FUNDS		
Operations		
Net loss	$ (2,082)	$ (292)
Expenses (revenues) not involving working capital:		
Depreciation and amortization	881	653
(Gain) loss on sale of land, buildings and equipment	24	(45)
	(1,177)	316
Advances	4,280	1,445
	3,103	1,761
APPLICATION OF FUNDS		
Purchase of land, buildings and equipment (net proceeds on disposal)	3,900	3,257
(DECREASE) IN WORKING CAPITAL	$ (797)	$ (1,496)

(See accompanying notes)

Notes To Financial Statements

October 31, 1982

Note 1 **Significant Accounting Policies**

a) Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Expenditures on normal repairs and maintenance and gains or losses on sales are reflected in earnings as they are incurred.

b) Depreciation of Buildings and Equipment

Depreciation of buildings and equipment is charged to expenses on the straight line basis to reflect estimated service life as follows:

Buildings	2.5% to 10.0%
Coach and Truck Equipment	11.1%
Other Equipment	10.0%

Note 2 **Status of Saskatchewan Transportation Company**

Saskatchewan Transportation Company was established by Order-in-Council #168 in 1946 and continues under The Crown Corporations Act, 1978.

The accounts of the Company are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan.

Note 3 **Land, Buildings and Equipment**

	1982			1981
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(Thousands of Dollars)			
Land	$ 1,827	$ —	$ 1,827	$1,827
Buildings	2,599	1,079	1,520	1,573
Coach and Truck Equipment	8,237	4,081	4,156	3,745
Other Equipment	407	141	266	241
Work-in-progress	4,333	—	4,333	1,699
	$17,403	$5,301	$12,102	$9,085

Note 4 **Deferred Charges**

This item represents deferred charges incurred in the development of a new data processing system and a new coach service which has been completely amortized. During the current year, $22,027 is charged against income.

Note 5 **Advances**

Advances from the Crown Investments Corporation of Saskatchewan are non-interest bearing and repayable at their discretion. During the year, the Company received advances of $4,280,000 (1981 - $1,445,000).

Note 6 **Other Revenues**

Other revenues include $8,740 (1981 - $194,151) from the Province of Saskatchewan in respect of developing and operating certain bus schedules. Of this amount $nil (1981 - $150,000) is included in accounts receivable.

Note 7 **Remuneration of Directors and Senior Officers**

As at the year ended October 31, 1982 four persons (1981 - 9) served on the Company's Board of Directors and ten (1981 - 12) served as senior officers. The aggregate 1982 remuneration to directors amounted to $4,200 (1981 - $4,025) and the aggregate 1982 remuneration to senior officers was $410,722 (1981 -$417,557).

Note 8 **Contingent Liability**

The Company, along with others, has been named in an action resulting from an accident which occurred on the Company's property. The Company carries insurance to cover losses from this type of risk and legal counsel is of the opinion that the Company has a valid defence to the claim, therefore, no provision has been made in the accounts for any possible loss.

Note 9 **Related Party Transactions**

Included in these financial statements are income and expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

SASKATCHEWAN TRANSPORTATION COMPANY
2041 Hamilton Street
Regina, Saskatchewan